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BUSINESS AVIATION

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DESPITE PROJECTED IMPROVEMENT, GA DELIVERIES TO REMAIN LOW

Despite a forecast for a significant percentage increase in deliveries of new general aviation aircraft this year, 1984 production and deliveries will remain far below their historical levels *(BA, Dec. 19/197).* In his annual review of the aerospace industry late last month, Karl Harr, president of the Aerospace Industries Association, said deliveries of new GA aircraft will climb 39.4 percent in 1984 to an estimated 3,650 units, compared to 2,685 expected to be delivered in calendar 1983. If Harr's forecast holds up, 1984 will represent the second lowest number of annual GA aircraft deliveries in three decades—since 3,071 new planes were produced in 1954.

Value of GA deliveries in 1984 is estimated at $2 billion, an increase of 39.3 percent over the $1.435 billion in 1983, which would make it the fourth best year since the industry began keeping records in the mid-1940s. The industry broke through the $2 billion barrier in 1979-1981 and just missed that level in 1982 when total sales were $1.99 billion. The forecast reaffirms the industry's continued emphasis on production of smaller numbers of more expensive aircraft, a trend that has accelerated during the past five years.

INTEREST, CONCERN GROWING ABOUT WHO WILL SUCCEED HELMS

There was growing interest, along with concern, among aviation interests in Washington last week about who will be selected to replace J. Lynn Helms as FAA Administrator after he departs that post Jan. 31 *(see Helms and Reagan letters on the back of Pages 2-5).* Although White House and Transportation Department officials may decide to keep Deputy Administrator Michael Fenello at FAA as acting administrator, there are fears the Administration may use the FAA post as a reward for a political supporter who lacks the necessary technical qualifications.

The timing of Helms' departure, only nine months before the November elections, would probably preclude many qualified persons from considering the position. For that reason, keeping Fenello on as acting administrator could be the most viable alternative. One knowledgeable observer, when asked what he thinks the Administration will do, said "I think they're gonna hand the sack to Mike Fenello and say 'here, hold this for a while.' " Fenello, while apparently lacking the drive and ambition Helms has displayed, is generally well regarded within the industry. He has been actively involved in the agency's airspace modernization program and could provide a sense of continuity for that effort.

Even if Fenello is given the job in the short term, the Transportation Department's involvement in FAA decisions is likely to increase. DOT's visibility in aviation matters has been heightened since Elizabeth Dole took over as DOT secretary last February and it is likely her influence on FAA decisions will increase—particularly in those issues that appear to have political overtones.

Nomination of anyone with only marginal qualifications for the top FAA job will undoubtedly encounter strong opposition from the industry and key members of Congress. The Administration's desire to avoid such a potentially embarassing political battle during the upcoming election campaign could tip the balance in favor of keeping Fenello on board, at least temporarily. There are, however, some potential candidates such as former NTSB Chairman, Air Line Pilots Association official and Frontier Airlines executive Webster (Danny) Todd, with the credentials to win confirmation and still permit Dole to have her own

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AIRPORT AND AIRWAY TRUST FUND
Status as of Oct. 31, 1983

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	4,787,453,189.49	4,787,453,189.49
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund) :		
Any liquid fuel except gas	6,199,000.00	6,199,000.00
Tires used on aircraft	78,000.00	78,000.00
Tubes used on aircraft	9,000.00	9,000.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	232,000.00
2. Non-commercial 9 cents tax	2,712,000.00	2,712,000.00
3. Non-commercial 5 cents tax	904,000.00	904,000.00
4. Transp by air,seats,berths,etc.	194,980,000.00	194,980,000.00
Use of international trav fac	6,666,000.00	6,666,000.00
Transp of property and cargo	13,333,000.00	13,333,000.00
Total Tax Receipts	225,113,000.00	225,113,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	0.00
2. Any liquid fuel except gas	0.00	0.00
3. Gasoline -Retailer's tax	0.00	0.00
Total Reimburse for Tax Refunds	0.00	0.00
Net Tax Receipts	225,113,000.00	225,113,000.00
C. Interest on Investments	2,063,101.15	2,063,101.15
Net Receipts	227,176,101.15	227,176,101.15
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	-182,000,490.00	-182,000,490.00
2. Grants-in-aid for airports	64,012,800.22	64,012,800.22
3. Facilities & equipment	19,359,356.12	19,359,356.12
4. Research engineering & development	5,165,314.84	5,165,314.84
B. Interest on Refund of Taxes	0.00	0.00
Total Expenditures	-93,463,018.82	-93,463,018.82
IV. BALANCE - END OF PERIOD	5,108,092,309.46	5,108,092,309.46

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	1,367.45	
Operations	9,934.15	
Grants-in-aid for Airports	-33,023,399.88	
Facilities & Equipment	1,655,898.22	
Research Engineering & Development	-250,490.48	
		-31,606,690.54
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
10-3/4% maturing June 30, 1984	5,139,699,000.00	5,139,699,000.00
Total Assets		5,108,092,309.46
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		5,108,092,309.46
Total Liabilities and Equity		5,108,092,309.46